

Message Text

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ACTION EB-07

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R 120945Z JAN 76

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 8699

UNCLAS HONG KONG 0397

E.O. 11652: N/A

TAGS: ETRD, MC

SUBJECT: U.S./MACAU TEXTILE AGREEMENT

1. WE RECEIVED THE FOLLOWING LETTER FROM THE GOVERNMENT OF MACAU.

"1. REFERRING TO YOUR LETTER OF AUGUST 29, 1975, AND ALSO TO AN INFORMAL DISCUSSION WITH YOU IN MACAU, I WOULD NOW LIKE TO RAISE A FEW POINTS REGARDING THE TRADE AGREEMENT IN TEXTILE BETWEEN THE U.S. AND MACAU.

"2. AS HAS ALREADY BEEN POINTED OUT TO YOU WE FEEL THAT THE ARRANGEMENT DOES NOT PERMIT MACAU TO EXPLOIT FULLY IT'S EXPORTING POSSIBILITIES DUE TO THE GROUPING AND PLACING OF CERTAIN ITEM CATEGORIES.

"3. LOOKING AT PERFORMANCES RECORDED FOR 1973, 74 AND 10 MONTHS OF 1975 WE FIND THE FOLLOWING FIGURES:

YEAR	SYDS EXPORTS	TOTAL QUOTA IN SYDS
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1973	21.266.532	28.500.000
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1974	11.538.115	30.349.000
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1975 (10 MONTHS)	9.927.000	31.809.890
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"4. AS CLEARLY SEEN, THERE HAS BEEN A SUBSTANTIAL DECREASE IN EXPORTS FROM MACAU TO THE U.S.

WE FEEL THAT THIS IS DUE TO THE FACT THAT THE QUOTA ARRANGEMENT IS NOT FLEXIBLE ENOUGH AND THEREFORE AGAINST THE SPIRIT OF THE MULTIFIBRE AGREEMENT.

"5. OTHER STATISTIC DATA ALSO SHOW THE GROUP I ITEMS, ONLY CATEGORIES 49, 50/51 AND 219 HAVE ACHIEVED SATISFACTORY

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RESULTS. OF THE BASKET ITEMS IN THE SAME GROUP, ONLY CATEGORIES

43 AND 62 STAND OUT. GROUP II LEVELS HOWEVER, ARE STILL BELOW THE TOTAL 1975 QUOTA BUT NEVERTHELESS IS REGARDED AS AN EXPANDING AREA CONSIDERING PRESENT MACAU TRENDS.

"6. FROM THE RESULTS THUS OBTAINED IT IS THEREFORE EVIDENT THAT THE DEMAND TREND HAS BEEN FOR COTTON ITEM, LEAVING SURPLUS QUOTAS IN THE MAN MADE FIBRE CATEGORIES.

"7. IN VIEW OF THIS AND BEARING IN MIND OUR PREVIOUS REQUEST, THE GOVERNMENT OF MACAU FEELS THAT THE ONLY WAY TO ALLOW THIS TERRITORY TO ATTAIN A LEVEL OF SALES WHICH WOULD BE REASONABLE TO EXPECT IN VIEW OF THE AGREEMENT QUOTAS, WOULD BE THROUGH THE FOLLOWING ALTERATIONS FOR 1976:

A) 4 MILLION SYDS TO BE REMOVED FROM CATEGORY 222 (TROUSERS, SLACKS, SHORTS, KNIT, MAN-MADE FIBRES) AND PLACED IN CATEGORY 50/51 (TROUSERS, SLACKS AND SHORTS, COTTON).

B) 4 MILLION SYDS TO BE REMOVED FROM CAT. 229 (COATS, MAN MADE FIBRES) AND PLACED IN THE FOLLOWING CATEGORIES:

1 MILLION SYDS IN CAT. 49 (OTHER COATS, COTTON);

1 MILLION SYDS IN CAT. 62/63/64 (WEARING APPAREL KNIT; WEARING APPAREL NOT KNIT; OTHER WEARING APPAREL)

2 MILLION SYDS IN CAT. 41/42/43 (WHITE T-SHIRTS; OTHER T-SHIRTS AND KNIT SHIRTS OTHER THAN T-SHIRTS).

C) 1 MILLION TO BE TAKEN FROM CAT. 223 (KNIT UNDERWEAR, MAN-MADE FIBRE) AND PLACED IN CAT. 41/42/43 WHICH WILL THEREFORE SUM UP A TOTAL EXTRA 3 MILLION SYDS.

D) 1 MILLION TO BE TAKEN FROM CAT. 224 (OTHER KNIT APPAREL MAN-MADE) AND GIVEN TO CAT. 219 (KNIT SHIRTS, MAN-MADE FIBRE).

E) CATEGORIES 41/42/43 TO BE INCLUDED IN THE SPECIFIC LEVEL ITEM GROUP AND NO LOMOER IN THE BASKET GROUP.

F) CATEGORIES 62/63/64 ALEG TO BE INCLUDED IN THE SPECIFIC LEVEL ITEM GROUP.

"8. IT IS OBVIOUS THAT THE REQUESTED ALTERATIONS ARE NOT DIRECTED TO COVER THE LOSSES RESULTING FROM THE CONSEQUENCES OF THE PRESENT AGREEMENT IN THE YEARS 1973, 1974 AND 1975, BUT SIMPLY TO AVOID CONTINUING TO OPERATE WITH SUCH DISADVANTAGES.

"9. FROM THE AFOREMENTIONED THE IMMEDIATE RESULT WOULD BE AS FOLLOWS:

CATEGORIES	SPECIFIC LEVEL	ADJUSTMENT	TOTAL
GROUP I	30.381.750 SYDS		

(IN COLUMN ADJUSTMENT, THE PREFIX (P) STANDS FOR PLUS AND (M) FOR MINUS)

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49	992.250 "	P 1.000.000 SYDS	1.992.250 SYDS
50/51	1.047.400 "	P 4.000.000 "	5.047.400 "
219	7.302.750 "	P 1.000.000 "	8.302.750 "
221	2.696.400 "		2.696.400 "
222	4.923.200 "	M 4.000.000 "	923.200 "
223	1.995.350 "	M 1.000.000 "	995.350 "
224	2.247.000 "	M 1.000.000 "	1.247.000 "
229	6.525.300 "	M 4.000.000 "	2.525.300 "

41/42/43 1.000.000 " P 3.000.000 " 4.000.000
 62/63/64 1.000.000 &??:8ZP 1.000.000 " 2.000.000 "
 BASKET 652.100 " 652.100 "

GROUP II 1.428.140 SYDS

116 612.060 " 612.060 "
 117 408.040 " 408.040 "
 BASKET 408.040 " 408.040 "

"10. CONSIDERING AN AGGREGATE LIMIT INCREASE OF 6.25 PERCENT
 FOR 1976 THE FOLLOWING CHART WOULD BE OBTAINED:
 CATEGORIES SPECIFIC LEVEL PLUS

	INC. 6.25 PERCENT	ADJUSTMENT	TOTAL
GROUP I 32.280.609 SYDS			
49	1.054.266 "	P 1.000.000 SYDS	2.054.266 SYDS
50/51	1.112.862 "	P 4.000.000 "	5.112.862 "
219	7.759.172 "	P 1.000.000 "	8.759.925 "
221	2.864.925 "		2.864.925 "
222	5.230.900 "	M 4.000.000 "	1.230.900 "
223	2.120.059 "	M 1.000.000 "	1.120.059 "
224	2.387.437 "	M 1.000.000 "	1.387.437 "
229	6.933.131 "	M 4.000.000 "	2.933.131 "
41/42/43	1.062.500 "	P 3.000.000 "	4.062.500 "
62/63/64	1.062.500 "	P 1.000.000 "	2.062.500 "
BASKET	692.857 "		692.857 "

GROUP II 1.442.421 SYDS

116 618.181 " 618.181 "
 117 412.120 " 412.120 "

"11. NOTHING THAT THE AGREEMENT FORESEES "CARRYOVER" FOR
 "SHORT-FALLS" OCCURRED DURING 1975, THE CORRESPONDING INCREASE
 WOULD BE LATER REQUESTED ACCORDING TO PERFORMANCE OBTAINED
 FOR THE BEST DEMAND ITEMS DURING THAT YEAR.
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HOPING THAT MACAU'S REQUESTS SHALL BE LOOKED INTO
 FAVOURABLY BY U.S. AUTHORITIES, I REMAIN,
 YOURS SINCERELY,"

2. IF A TEXTILE DELEGATION COMES TO HONG KONG FOR CONSULTATIONS
 IN LATE JANUARY PERHAPS IT COULD ALSO GO TO MACAU. PLEASE
 ADVISE.
 CROSS

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NNN

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